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SUBJECT: US-ARGENTINE BILATERAL RELATIONSHIP; ARGENTINA'S DECISION NOT TO SEND TROOPS TO THE BORDER BETWEEN ISRAEL AND LEBANON; MIDDLE EAST WAR; SGP REVIEW; TRI-BORDER; FORMER ECONOMY MINISTER LAVAGNA'S STATEMENTS ABOUT MERCOSUR AND CHAVEZ; US-URUGUAYAN FTA; VENEZUELAN PRESIDENTIAL ELECTIONS 08/16/06

1. SUMMARY STATEMENT

Today's leading international stories include Argentina's decision not to send troops to the border between Israel and Lebanon, and its impact on the US-Argentine bilateral relationship; the SGP review in relation to Argentina; Argentina, Brazil and Paraguay's decision to create the Intelligence Regional Center on the Tri-Border; former Argentine Economy Minister Roberto Lavagna's statements that Mercosur should "put a brake" on Venezuelan President Hugo Chavez; the likelihood of an FTA between the US and Uruguay; and the upcoming Venezuelan presidential elections.

2. OPINION PIECES AND KEY STORIES

- "The US again tests the Kirchner administration's foreign policy"

Eduardo van der Kooy, political columnist of leading "Clarín," writes (08/16) "The Kirchner administration's foreign policy will be facing two acid tests. In both of them, Washington's influence can directly or indirectly be seen. The US-Argentine bilateral relationship is going through a time of indifference, but not tension.

"The first topic is related to the war in the Middle East, which has just entered a precarious and sluggish truce. The UN Security Council has asked for 15,000 international troops to avoid repetition of clashes on the border between Israel and Lebanon. One request was made to Argentina, which rejected it, and the other one to Brazil.

"The second issue is related to Brazil's announcement of the creation of an Intelligence Regional Center for the control of the Tri-Border...

"Truly enough, the request for troops for the Middle East was made by the UN, but Washington made feel its pressure during the last few hours... The cease fire in the Middle East is too fragile.

"This was one of the reasons why the Argentine Government decided not to send peace keeping troops. Israel is not certain that a new round of clashes may not occur... Hezbollah insists on proclaiming its victory and this will also contribute to destabilization in the area."

- "Argentina will not send troops"

Daniel Gallo, columnist of daily-of-record "La Nación," writes (08/16) "Argentina will not send any troops to the international

peace-keeping force on the border between Israel and Lebanon... An Argentine Government official close to FM Jorge Taiana said 'We will not be part of said force.'

"This decision has not been notified yet to UN Secretary General Kofi Annan, who had requested for Argentina's participation.

"... Two important reasons led the Government to make this decision... On the one hand, Blue Helmets will be on the border between Israel and Lebanon under Chapter VII of the UN Charter. This is a peacekeeping force that will impose peace by force, with the possibility of victims. Under these circumstances, the Congress will hardly approve sending troops.

"In addition to this, another situation was taken into account - Hezbollah is held responsible for the criminal attacks launched in Buenos Aires in 1992 and 1994. This situation could make the Congressional debate even tougher."

- "Commercial sanctions are closer"

Silvia Naishtat, on special assignment to La Jolla for leading "Clarín," comments (08/16) "4,500 kilometers away from Washington..., Jeffrey Davidow, former US Ambassador to Venezuela and Mexico during the Clinton and Bush administrations, current head of the Institute for the Americas, and one of the major experts in the relationship between Washington and the region, said 'Argentina will likely be eliminated from the General System of Preferences.'

"The news about the loss of those preferential tariffs took the Argentine Foreign Ministry by surprise... For Buenos Aires, it means political rather than economic damage - thanks to the GSP, Argentine exports for 616 million dollars are sent to the US per year, but many small companies will find it hard to get over it.

"Roberto Echandi, head of the Center for Investment and Trade,

described the GSP as a regime of awards and sanctions... According to Echandi, rejection of the FTAA is what caused this trade retaliation, 'although Venezuela's entry into Mercosur is another reason.'

"... According to Uruguayan Economy negotiator Alvaro Ons, there are other reasons. 'One should attribute it to disagreement with Washington at WTO negotiations.'

"Asked about what Argentina can do about it, Jeffrey Davidow answered 'Nothing, there is no possibility of negotiation because the GSP is a unilateral benefit granted by Washington, and it can be removed just as easily as it was granted.'"

- "What have we done in war?"

Fabian Bosoer, columnist of leading "Clarín," writes (08/16) "... Perhaps the US electorate is on the verge of waking from the prolonged neo-conservative dream. Perhaps the glue that put together the global war on terrorism, the invasion of Iraq and the GWOT's sense of historical mission has started to crack...

"Perhaps, many in the US are wondering whether they have done enough regarding this war, and perhaps there is an increasing feeling that something else (or something different) should be done to get out of the war in some other way."

- "Tri-border - Argentina, Brazil and Paraguay coordinate espionage"

Eleonora Gosman, Sao Paulo-based correspondent for leading "Clarín," writes (08/16) "Argentina, Brazil and Paraguay agreed to make more effective their joint actions against the alleged Islamic terrorist group that is reported to be acting on the Tri-border. The governments of the three countries have just created the Intelligence Regional Center...

"The measure should not be surprising, because it is a response to a

big pressure from the USG, which believes the area is a financial base of allegedly terrorist Arab organizations. The Intelligence Regional Center includes Argentine, Brazilian and Paraguayan investigative agents who will jointly act in the region."

- "Uruguayan commercial expansion also includes China and India"

Business-financial, center-right "InfoBae" reports (08/16) "The ruling party in Uruguay, Frente Amplio, rejected the FTA that Uruguayan President Tabare Vazquez is negotiating with the US.

"While the ruling coalition rejected an FTA with the US outside of Mercosur, the opposition has supported it in a determined way.

"... According to Uruguayan Economy Minister Danilo Astori, the new international strategy promoted by the Uruguayan government not only includes an FTA with the US, but also with China and India."

- "Lavagna warned Mercosur to subject President Chavez to control"

Conservative "La Prensa" reports (08/16) "Former Argentine Economy Minister Roberto Lavagna said that Mercosur should 'put a brake' on Venezuelan President Hugo Chavez so that the Mercosur's agenda 'does not fully change' and he rejected the proposal to create a South American army, which he labeled 'foolish.'

"Asked about the possibility that the Vazquez administration signs an FTA with the US, Lavagna said that 'sufficient flexibility should be granted to Uruguay, if it wants, to seek other trade deals without leaving Mercosur. Out of all Mercosur member countries, Uruguay has been precisely the one whose exports to its Mercosur partners have increased the least.'"

13. EDITORIALS

- "Venezuelan presidential elections"

Daily-of-record "La Nacion" editorializes (08/16) "Next December 3, Venezuela will again hold presidential elections. The opposition has just proclaimed Manuel Rosales as the candidate who will compete with current President Hugo Chavez in a political adventure that seems particularly complex.

"... The upcoming presidential elections are important not only because Venezuela could recover its lost Republican direction and return to democracy through it but also it could put an end to a

petrodollar-supported totalitarian leader's interference in the domestic affairs of the entire region."

- "The cease fire in the Middle East"

Leading "Clarín" editorializes (08/16) "The cease fire in Lebanon imposes a major responsibility and effort on the involved parties to undo the escalation of violence and resume a road for peace.

"... The consequences of the confrontation should highlight that clashes cannot afford to be repeated. It is clear that no country may stay defenseless vis-à-vis the systematic attack against its people. At the same time, there are no winners in a war whose main victims are unarmed civilians.

"The UN and the world leaders have the challenge to influence the two sides to effectively implement the program of pacification, the return of life conditions to normal, and the deactivation of clashes that still prevail in the region."

- "The world craves for a lasting peace"

An editorial in conservative "La Prensa" reads (08/16) "The fragile truce in the Middle East still holds the hope to reach a lasting peace, which is the wish of the international community but also of the suffering peoples that are the target of recurring battles engendered in an ancestral confrontation...

"Since the most aggressive sectors of the Palestinian community took power..., the escalation of violence in the Gaza Strip and the West Bank was the prelude to a strong reaction from Israel...

"The suffering of the peoples of the Middle East should stop, and for this purpose a serious commitment from the international community, particularly from the most powerful countries like the US and the EU, is crucial. Far from seeing peace as their main objective, these powers are boosting a war that only favors the businesses of powerful sectors. They are not aware of the fact that only through tolerance and the sustainable development of the area, genuine growth will be achieved and this will benefit all."

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